

INFORMATION PAPER

Purpose: During the 27 May 17 Joint Transportation, Highways and Military Affairs Interim Committee Meeting, the following information was requested concerning the construction and funding of a State Veterans' Skilled Nursing Facility (SNF). This paper serves to provide the requested information.

- **First and foremost, is a SNF financially viable?** Both the "Financial Model for Wyoming Skilled Nursing Center" report and the Wyoming Department of Health's "Wyoming Veterans' State Home Needs Analysis" show the SNF is financially viable. (Both documents are available as a read ahead.)
- **Determine actual construction estimates:** The Financial Model for Wyoming Skilled Nursing Center details the construction costs in FY22 dollars as follows:

VETERANS HOUSES for SHERIDAN	No. of Units	24	
PROJECTED COSTS END OF 2022	total sq. ft.	cottages	
	16,300	16,300	
	inflator	1.30	
Uses	Amount	Per Unit Cost	Per Sq. Ft
Site Acquisition	\$ 109,200	\$ 4,550	\$ 6.70
Site Work	\$ 729,927	\$ 30,414	\$ 44.78
Hard Construction Costs	\$ 3,688,157	\$ 153,673	\$ 226.27
Construction Contingency @5% of total	\$ 268,788	\$ 11,200	\$ 16.49
Architect / Engineering Fees	\$ 129,912	\$ 5,413	\$ 7.97
Furnishings & Equipment	\$ 564,345	\$ 23,514	\$ 34.62
CONSTRUCTION TOTAL	\$ 5,490,329	\$ 217,920	\$ 336.83
cannot finance land - less land costs	\$ 109,200		
TOTAL FINANCABLE AMOUNT	\$ 5,381,129		\$ 330.13
Soft Costs			
Legal Fees	4,120		
Licensing and Certification Fees	4,244		
Start-up & Working Capital Reserve	144,200		
Consumable Inventories and Supplies	115,360		
Staffing and training expenses	14,420		
Green House affiliation fee			
Loan and Bank Fees			
City fees - building permits/inspections	waived		
Title fees	waived		
Marketing			
Consulting fees			
Soft cost contingency	10,300		
SOFT COST TOTAL	\$ 292,644		
FINANCABLE COST -Excludes Land Costs	\$ 5,673,773		
TOTAL COST - Includes Land Costs	\$ 5,782,973		

- **Determine actual loan arrangements and sources of the loan:** We are seeking a 15 year loan at a 3.5% interest rate. We've provided two loan options during the May JTIC, the Omnibus Permanent Land Fund and the Permanent Mineral Trust Fund. Also, two additional

funds, although unlikely, can serve as a potential source for the loan (the State Investment Project Account (one time state fund used for capital projects) or Legislative Stabilized Reserve Account).

State Loan Amount at 35% of financeable amount	\$ 1,883,395
State Loan Amount at 100% of soft costs	\$ 292,644
Total State Loan Amount	\$ 2,176,039
Monthly Loan Payments at 3.5% - 15 YR Term	\$ 15,556
Annual Loan Payments	\$ 186,673

*** ~\$624,000 in interest paid back to the state ***

Determine roles and responsibilities: (Notional at this time) Initially, the Wyoming Military Department will request one new full time employee (FTE) to be assigned to the Veterans Commission. This individual will work all requirements of grant processing with the Department of Veterans Affairs (VA) through actual construction of the facility.

The FTE will then transition to the Wyoming Department of Health at a time jointly determined by the Wyoming Military Department and the Wyoming Health Department.

Upon construction completion, the Wyoming Department of Health will have oversight of the facility with one State employee and daily operations contracted out to the Green House Living in Sheridan. This would mirror the standard nursing home FTE requirements. The state employee would have to have authority to sign the VA documents such as the 10588 forms.

- **Define “Escape Clause” which would allow the state to withdraw or worst case if Green House Living fails:** This would have to be worked out in the contract between the AG’s office and the contracted care provider. Additionally, from 38 CFR 59 a State’s liability for a state veterans home which ceases operation but received Federal funding is as follows:

§59.110 Recapture provisions.

If a facility for which a grant has been awarded ceases to be operated as a State home for the purpose for which the grant was made, the United States shall be entitled to recover from the State which was the recipient of the grant or from the then owner of such construction as follows:

- (a) If less than 20 years has lapsed since the grant was awarded, and VA provided 65 percent of the estimated cost to construct, acquire or renovate a State home facility principally for furnishing domiciliary care, nursing home care, adult day health care, hospital care, or non-institutional care to veterans, VA shall be entitled to recover 65 percent of the current value of such facility (but in no event an amount greater than the amount of assistance provided for such under these regulations), as determined by agreement of the parties or by action brought in the district court of the United States for the district in which the facility is situated.

Requested information from surrounding states:

- **Successful VA grant applications:** Ms. Lisa J. Moore, VA Management and Program Analyst, State Home Construction Grants (25 September 2017), provided the following per program records:
 - o Colorado – awarded 7 grants (mix of safety, new construction, and renovation applications). They have 4 open renovation applications.
 - o Nebraska – awarded 7 grants (mix of renovation, bed replacement, and new construction applications). They have 1 open bed replacement application.
 - o Idaho – awarded 4 grants (mix of new construction and renovation). They have 1 open new construction application.
 - o Montana – awarded 2 grants (new construction and renovation). They have 1 open new construction application.
 - o South Dakota – awarded 2 grants (renovation and safety). They have 1 open bed replacement application.
 - o Utah – awarded 6 grants (renovation and new construction). They have no open applications.
- **Operating agreements with private companies:** (The Utah Model) The Utah Department of Veterans and Military Affairs is responsible for the operation of all four State Veterans Home through a contract with a private nursing home management corporation (Avalon) to manage and operate the facility on a day-to-day basis. The Department has an onsite Director who is responsible for liaison with federal and state agencies and for ensuring that the contractor performs in accordance with the terms of the management contract. A Veteran's Home Advisory Board appointed by the Governor of Utah, acts as liaison between the residents, members of the public and the administration of the home. (A copy of the contract between the State of Utah and contracted home management corporation will be made available upon request)
- **Duty description of state employee:** (Duty Description from Utah's Veterans SNF) The state employee is responsible to ensure contract compliance for the management, operation and administration of a State Veterans' Nursing Home. Incumbent is responsible to ensure that the facility and the contractor is in compliance with federal and state laws, rules, and regulations involved in the operation of a nursing home and receipt of government funds for such operation. Incumbent exercises discretion in monitoring and evaluating conditions of the home and its residents and recommending corrective actions to be taken when necessary. Coordinates and implements policy and procedure changes. (A copy of the duty description and performance plan will be made available upon request)
- **Draft necessary legislation:** Ms. Jarvis, Staff Attorney, Wyoming Legislative Service Office, will draft the necessary legislation in concert with the Wyoming Military Department (Veterans Commission) and all parties involved once she receives the necessary information.

Additional Veteran's Home Skilled Nursing Facility care follow up questions:

- **What is the size of the land that was donated?** The land that will be donated is 1.5 acres worth approximately \$109,200
- **What are the eligibility requirements for admission to the State Veterans Skilled Nursing Facility? VA requires that 75% are veterans.**
 - Honorably discharged veterans of the Armed Forces of the United States
 - Members of the National Guard disabled while on duty
 - Persons who by reason of wounds, disease, old age or other infirmities are in need of skilled nursing care as determined by rules promulgated by the department of health
 - The department of health may admit a spouse of the persons described in the above three conditions and admission does not jeopardize the facility's or any veteran's qualification to receive federal financial aid during a veteran's admission to the facility.
- **What rules are applied for admission of nonveterans?**
 - The department of health may admit persons to the nursing care facility who are not veterans or spouses for care and treatment if:
 - The persons are qualifying dependents or parents of United States military personnel who were killed in the line of duty as provided by statute, rules or regulations of the United States Department of Veterans Affairs and does not jeopardize the facility's or any veteran's qualification to receive federal financial aid during a veteran's admission to the facility.
- **Have we looked at alternate sources of funding and/or might it be better to get a secure loan/business opportunity?** Judge Hartman, discussed this with the Attorney General's office and the answer is the funds have to come from the state. To qualify for the VA grant to construct a state veteran's home, the state has to provide the 35% matching funds.
- **Is there danger of losing Medicaid?** I cannot think of any reason we would lose Medicaid unless it was totally shut down nationwide. Additionally, according to the August 2017 Wyoming Veterans' State Home Needs Analysis "As a State-owned and operated SNF, Medicaid will pay a cost-based rate, similar to that received by the Wyoming Retirement Center. This would require a State Plan Amendment. While this rate would be higher than one used for other nursing homes, it would both maximize federal matching funds, and allow VA per diem payments to cross-subsidize private-pay veterans."

Medicaid is important! A 2005 Legislative Study "*Veterans Long Term Care*": stated "Nearly two-thirds of the 2,500 nursing home residents in Wyoming receive services through the Medicaid Long-term Care program...it should be noted that an eligible recipient must meet stringent income and asset requirements. The asset test requires a recipient to have little to no savings, income or property (some exceptions are made if recipient has a non-institutionalized spouse). If an applicant has assets, these assets must be spent for nursing home care before the applicant can become eligible for Medicaid. Many people who

begin paying for nursing home care out of their own pockets spend their financial resources until they become eligible for Medicaid.”

- **What is the population that needs this care?** This information is detailed in both the WHD August 2017 Wyoming Veterans' State Home Needs Analysis (which states ~500 qualified veterans today and ~320 in the year 2030 will require this care) as well as the Nov '16 Management Audit Committee Report that have been included in read ahead packages. However, the Veterans Affairs Veteran Population model data shows that although the number of veterans is decreasing over time, it also shows the number of veterans rated at 70% and higher compensable disability is increasing over time.
- **Another data point that needs to be considered:** According to the State of Wyoming Department of Health Facility Master Plan, November 14, 2013 *“The population of Wyoming is projected to grow the most in the geriatric cohort of 65 and older. Males 65 and older are projected to grow by 46% from 2013 to 2023. Females in the same age group are projected to grow 44% by 2023.”*
- **RN vs CNA, what level of qualifications will be needed?** The current Green House model for a 24 bed unit would be approximately 2 RNs and 9 CNAs.
- **Are you open to a partial loan from the state?** No, a partial loan from the state will not provide the VA required state matching funds of 35%. Technically at 35% we are only asking for a partial loan of the total project cost when one considers the VA would provide a grant for 65% and the land is being donated.
- **Who is the contract going to?** Notionally it would be the Green House ® Living for Sheridan.
- **Is there are more succinct timeline?** After discussing timelines with the VA grants personnel and the President of the National Association of State Veterans Homes, Ms. Sharon Murphy, it takes four to five years from application for the grant to opening the doors for business. We may be able to expedite considering we do not yet have a State SNF facility for veterans.